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S P E E C H
OF
HON. ISAAC M. JORDAN.

The House having under consideration the bill (H. R. 6771) to amend an act entitled "An act to aid in the construction of a railroad and telegraph line from the Missouri River to the Pacific Ocean, and to secure to the Government the use of the same for postal, military, and other purposes," approved July 1, 1862, also to amend an act approved July 2, 1864—

Mr. JORDAN said:

Mr. SPEAKER: Whatever doubts there might be, as an original question, as to the power of Congress under the limitations of the Constitution to make grants or donations of lands for public improvements, the power has been so long exercised that it is no longer a debatable question.

The policy and practice of Congress making these grants for the purpose of aiding in the construction of public improvements has prevailed from the earliest history of the country. They were made during the administrations of Adams, Jackson, Van Buren, Tyler, Polk, Fillmore, Lincoln, and Grant. Some were made for railroad purposes prior to 1850; and between 1850 and 1880 grants of the public lands for railroad purposes were made amounting to more than 150,000,000 acres, and patents have in fact issued for more than 50,000,000 acres of these lands.

The purpose which Congress has intended to accomplish by this disposition of the public domain has been the opening up of the Western Territories to settlement, the encouragement of emigration from the more thickly settled States, the development of the mineral and other great resources of the country, the building up of new political communities, and their admission into the Union as States. And it is a singular and interesting fact that while most of the original States made large cessions of lands to the Federal Government, none of them have ever asked or received any donations out of these lands. They have been made entirely in the interest of the Western and Southwestern States.

The rapid and marvelous development of all these States is attributable in a large degree to these grants. More than 16,000 miles of railroad have been built from the proceeds of lands so granted, and wherever these roads have been constructed towns and cities have sprung up like magic, the expectations of the Government have been more than realized, and the national Treasury has received indirectly far more than it would have done by the sale of the land itself.

BUREAU OF ECONOMICS,
WASHINGTON, D. C.

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1840-1850, by sec. 22, 10 Aug 13 22.

Grants of this kind were made by Congress in the following States and Territories from the year 1850 up to the year 1880:

	<i>Acres.</i>
Illinois.....	2,595,053
Mississippi.....	1,137,130
Alabama.....	2,807,648
Florida.....	1,700,467
Louisiana.....	1,256,430.
Arkansas.....	2,613,631
Missouri.....	2,605,251
Iowa.....	4,181,929
Michigan.....	3,355,943
Wisconsin.....	3,553,865
Minnesota.....	9,820,450
Kansas.....	8,223,380
Nebraska.....	6,409,376
Colorado.....	3,000,000
Nevada.....	4,000,000
California.....	16,387,000
Oregon.....	5,800,000
Dakota.....	8,000,000
Wyoming.....	4,500,000
Montana.....	17,000,000
Idaho.....	1,500,000
Washington.....	11,700,000
Utah.....	1,850,000
New Mexico.....	11,500,000
Arizona.....	18,500,000
Total.....	154,067,553

At the time, therefore, that the grants were made to the Union Pacific and Central Pacific Railroad Companies, although they were much larger than ever had been made before, no new policy was inaugurated by Congress; on the contrary, they simply followed a policy which had been adopted early in the history of the country. The first public man whose prophetic vision saw the future of the great West, and the importance of the Government taking steps to aid in constructing a railroad to the Pacific, was Stephen A. Douglas. As early as 1845 he prepared a bill to organize the Territories of Nebraska and Oregon, and to reserve to each of said Territories alternate sections of land forty miles in width on each side of a railroad from the Missouri River to the Bay of San Francisco.

After the admission of California the construction of a transcontinental road was continually under consideration in Congress. These measures all looked to the granting to said road of the public lands, and making them the carriers of the Government mails and other property. And from that time to 1856 the Government made surveys of and considered at least five different routes for that purpose. The Democratic and Republican parties demanded its construction in their party platforms, and Buchanan, in 1856, and Lincoln, in 1860, recommended the matter in their messages to the favorable consideration of Congress.

President Buchanan suggested long before the war that it be paid for in money and lands. In his message to Congress, December 6, 1858, he said:

It would be inexpedient for this Government to exercise the power of constructing the Pacific Railroad by its own immediate agents. The construction of this road ought therefore to be committed to companies incorporated by the States, and Congress might then assist them in the work by grants of land or money, or both, with conditions and restrictions as to transportation of troops and munitions of war free of charge, and the carrying of the mail at a fair price.

Indeed, the construction of such a road, in view of our settlements upon the Pacific coast, became inevitable. It was impossible that in a country like ours our people would consent long to the inconveniences of an overland route requiring more than thirty days to go from the Missouri River to San Francisco, a route made dangerous by Indians and robbers, and which made the cost of transportation almost incredible. This road would have been built whether the war had come or not; but the war had much to do with its construction and with the character of the grant and subsidy given to the road, for without these it never would have been built.

What, then, were the circumstances which brought about the building of this road and the liberal subsidy and grant made for that purpose?

In April, 1861, our civil war commenced. On one side were arrayed all the Northern States, and on the other side all the States from Maryland to the farthest border of Texas. The territorial dominion of the Southern confederacy embraced about one-third of the United States. This conflict soon assumed vast proportions, and the Government found itself engaged in a great conflict for national existence. European nations, long jealous of our great prosperity, stood ready to take advantage of our condition in any way that seemed favorable to them. England was in strong sympathy with the South, and France was ready to obtain a foothold on this continent if possible.

As early as 1862 the French landed an army of invasion in Mexico, and, taking advantage of the party strifes in that unhappy country, were soon able to establish a monarchy on the ruins of the Mexican Republic. The Congress of the United States were well aware of this danger. They saw that our Western Territories were in peril. They saw California hesitating in her loyalty. They saw that the permanent occupation of Mexico by France was a barrier to any further extension to our territory south; that it threatened our control of the Gulf of Mexico, and made communication with California by water impossible without the consent of the French Government.

The construction of a railway across the continent connecting us with the Pacific States became an absolute necessity as a matter of national defense. The road had to be built. The Government had no money with which to build it. Her constitutional power to do so was doubtful. Our credit was impaired; gold and silver had gone out of circulation; a paper currency had taken its place; we were issuing our bonds by the hundreds of millions; the faith and property of the nation were pledged to their payment, and yet our bonds were selling at far below par. In this state of affairs Congress was in a condition to be liberal to any individuals or corporations who would undertake the hazard and experiment of constructing this road through a wilderness inhabited by the Indians, over deserts uninhabited by man, and over mountains covered with perpetual snow.

Under these circumstances, the Congress of the United States, on the 1st day of July, 1862, passed the act for the construction of a road from the Missouri River to Sacramento, 2,000 miles in length, by the Union and Central Pacific Railway Companies. By this act Congress proposed a grant to said companies of a right of way two hundred feet wide, more than 2,000 miles long, all necessary lands for depots, &c., and a donation of five alternate sections per mile on each side of the road for a width of ten miles, to extinguish all Indian titles which might interfere with the grant, and to loan to said companies its bonds at the rate of

\$16,000 a mile where the road was easy of construction, and for three hundred miles through the Rocky and Sierra Nevada Mountains at \$48,000 a mile, and for one hundred and fifty miles at the rate of \$32,000 a mile.

This seemed a princely offer, but such was the condition of the country and of its finances, such the hazards of the undertaking, such the timidity and conservatism of capital, that the companies were unable and unwilling even on these terms to build the road, and the Government saw two years pass by and nothing done toward the construction of this great road. Such being the condition of affairs, it probably never would have been built had it not been for what was going on in Mexico. While we were engaged in our own conflict, which strained every nerve and taxed every resource, France was completing her conquest in Mexico and arranging to place Maximilian on the throne, and the United States, with shame, humiliation, and mortification, on the 12th of June, 1864 (nineteen days only before the amending act of July 1, 1864, was passed), saw Maximilian enter the City of Mexico amid the acclamations of the Mexican people and made emperor of Mexico.

At this time what was the condition of the United States? Our national debt had reached the immense sum of seventeen hundred and forty millions of dollars. The credit of the Government was greatly impaired at home and abroad. Sherman had met with a severe repulse at Kenesaw Mountain. Grant had been unsuccessful at Spottsylvania, and had met with severe disasters at Cold Harbor. One hundred thousand men had been lost in three months. Lincoln was about to call for 500,000 more soldiers. This, indeed, was the supreme hour of the war. In this great national trouble, with civil war endangering the life of the nation at home, with California hesitating in her loyalty, with Indian raids and troubles upon the frontier, with France violating the Monroe doctrine with impunity and placing Maximilian upon the throne in Mexico, was it a very remarkable or extraordinary fact that the Government or Congress of the United States should have offered such large inducements to her citizens and capitalists in order that a great military highway might be constructed which would connect the eastern and western parts of our vast dominions?

It may be well to quote here what was said by Justice Davis on behalf of the Supreme Court of the United States in deciding the case of *The United States v. The Union Pacific Railroad*, as reported in 91 United States Reports, page 79. He said:

Many of the provisions in the original act of 1862 are outside of the usual course of legislative action concerning grants to railroads, and can not be properly construed without reference to the circumstances which existed when it was passed. The war of the rebellion was in progress, and owing to complications with England the country had become alarmed for the safety of our Pacific possessions.

The enterprise was viewed as a national undertaking for a national purpose, and the public mind was directed to the end in view rather than to the particular means for securing it. Although the road was a military necessity, there were other reasons active at the time in producing an opinion for its completion besides the protection of an exposed frontier; there was a vast unpeopled territory lying between the Missouri and Sacramento Rivers which was practically worthless without the facilities afforded by a railroad for the transportation of persons and property. With its construction the agricultural and mineral resources of this territory could be developed, settlements made where settlements were possible, and thereby the wealth and power of the United States largely increased; and there was also the pressing want, in time of peace even, of an improved and cheaper method for the transportation of the mails and of supplies for the Army and the Indians.

It was in presence of these facts that Congress undertook to deal with the subject of this railroad. The difficulties in the way of building it were great and by many intelligent persons considered insurmountable.

The scheme for building a railroad two thousand miles in length, across mountains, over deserts, and through a country inhabited by Indians, jealous of intrusion upon their rights, was universally regarded at the time as a bold and hazardous undertaking. It is nothing to the purpose that the apprehended difficulties in a great measure disappeared after trial, and that the road was constructed at less cost of time and money than had been considered possible. No argument can be drawn from the wisdom that comes after the fact.

The project of building the road was not conceived for private ends, and the prevalent opinion was that it could not be worked out by private capital alone. It was a national work, originating in national necessities, and requiring national assistance.

At the time the Pacific railroads were chartered and these grants made we were carrying on a great war, and this was regarded as a war measure, and seemed to be a proper exercise of power under the circumstances which then surrounded us. Now we are in the midst of profound peace, and no man in his senses would contemplate for a moment making such extraordinary grants of the public domain for such purposes, and no political party would now favor it. What seemed proper then would be improper and impossible now. Indeed at this time we are pursuing the far better and wiser policy, and instead of disposing of our public lands in large quantities to railroads or foreign syndicates, we are reserving them as rewards for the valor of our soldiers and as homes for those of our people who will settle upon and improve them.

Mr. Speaker, Congress in making these grants was governed by the exigencies of the times, and did what seemed best for the interest of the whole country. The object intended was national defense and the perpetuation of the Government.

Congress had more than one object in view in having these Pacific railroads built.

First. It desired to have a railroad built at once, over which it could carry troops, Government supplies, &c., in case of war with France, Mexico, or if necessary in connection with our civil war or trouble with the Indians.

Second. It desired a permanent postal and military road under Government control.

Third. It wanted to develop the great mineral resources of that vast Western country.

Fourth. It had in view the opening up of the whole of our Western territory to settlement, the building up of new communities and States, and increasing the wealth and power of the country.

Fifth. It expected to cheapen the expense of carrying the mail and Government supplies in the West.

Sixth. It believed that the construction of such a road would enable it to control the Indian problem.

And all these results have been more than accomplished.

THE OBJECT OF THE GOVERNMENT.

The object of the United States was not to make an investment or loan of money nor to make a profit; neither was it its principal object to obtain payment for the lands granted or to secure the money or credit which it loaned the companies. The object of Congress was a much higher and more important one, as will be found in the title and in almost every section of the act creating the same. The title of said act is as follows:

An act to aid in the construction of a railroad and telegraph line, and to secure to the Government the use of the same for postal, military, and other purposes.

The sixth section of said act makes the grant upon condition not merely that the companies shall pay the bonds at maturity, but that "they shall keep said railroad and telegraph line in repair and use, and shall at all times transmit dispatches over said telegraph line, and transmit mails, troops, and munitions of war, supplies and public stores upon said railroad for the Government, whenever required to do so by any Department thereof, and that the Government shall at all times have the preference in the use of the same."

The twelfth section of said act provided that "the track upon the entire lines of said railroads and branches should be uniform, and the whole line of said railroad and branches and telegraph shall be operated and used for all purposes of communication, travel, and transportation, so far as the public and Government are concerned, as one connected and continuous line."

The seventeenth section provides that in case said railroad companies should fail to comply with the terms and conditions of the act by not completing the road, branches, and telegraph within a reasonable time, or by not keeping the same in repair and use, Congress might pass an act for the speedy completion or repair thereof, and appropriate the income of the road for that purpose.

The eighteenth section makes still more important and further reservations. Indeed, so much more important were these reservations by the Government of rights and powers over these roads than the money loaned to the companies, that Senator Thurman declared in the Senate of the United States that he would rather see the Government relinquish all claims to the bonds and interest loaned or paid for these companies than to release or surrender the power and control which it had reserved, by the charter over them. His language was:

I affirm, as I have affirmed before, that this Government had better lose every dollar due and all that is to become due to it by these companies than to give up the right which it has to alter, amend, or repeal the charter.

During the discussion of the matters relating to the land and bond subsidies in the Senate, Senator Wade, of Ohio, declared that he cared but little whether the Government ever received payment of a dollar of the money loaned these companies; that the Government would be more than compensated in what it would receive from the opening up of the country, the founding of new States, and that, as a matter of national defense, this road was an absolute necessity. Similar sentiments were expressed on the floor of the Senate and by members of the House and by almost the entire press, and the whole country was in hearty sympathy with this view and purpose. I have thought, Mr. Speaker, that, in view of the attacks which have been made upon those who were connected with the making of these grants, it was only right and just to call attention to the times and circumstances under which these subsidies were made. And I believe that by so doing we will be better able to understand and interpret the several acts relating to these roads. It is said that some members of Congress were induced to vote for the act of 1864 by improper considerations. This may be true, but Congress has not chosen to repeal these acts, the courts have not set them aside, but they have been admitted to be valid by the courts and by every Department of the Government, and to constitute a binding contract between the companies and the Government; and it is too late therefore to plead these matters now. So far as we are concerned in this case, we must deal with these as with any other acts of Congress, and we must respect them the same as if passed by ourselves.

Indeed, as was said by the Supreme Court of the United States in the case of *Fletcher v. Peck*, hereafter cited: "The acts of the supreme power of a country must be considered pure for the same reason that all sovereign acts must be considered just, because there is no power that can declare them otherwise."

Mr. Speaker, the Pacific Railroad Committee have had under consideration for some time the subject of the relation which the Government sustains to the several Pacific railroads which are known as the bond-subsidized roads, and the best means of obtaining security for the amount owing by said railroads, and of ultimately obtaining payment of the entire indebtedness.

Two bills are now before the House for consideration and action. The one presented by the committee contains two main propositions:

First. The extension of the Thurman act, not only over the Union and Central Pacific roads, to which it already extends, but also over the Kansas Pacific, the Central Branch of the Union Pacific, and the Sioux City and Pacific Railroad; and the requirement that each of these roads should pay into the sinking fund, created under the Thurman act, 35 per cent. of its net earnings, instead of 25, as at present required.

Second. To appropriate to the payment of the Government indebtedness all the money which the Government owes to any of said roads, or may owe them for transportation on any of its roads whether aided, owned, leased, or operated by said companies.

This plan is one which looks to compelling these companies to pay to the Government a larger amount from year to year than the condition of the companies will justify, provided they keep up their roads, pursue the policy which they have been pursuing in reducing the rates for passenger and freight transportation, and in contending and maintaining themselves against competition of rival roads. But this plan makes no provision for the payment or the extinguishment of the debt owing by these companies to the Government at the time of the maturity of the indebtedness, which will be in the year 1898; and the unpaid balance at that time, it is believed, will amount to not less than \$75,000,000.

It was for the purpose of meeting this great and radical defect in the bill of Mr. THOMPSON which has led us into the consideration, development, and advocacy of the plan, clear, plain, and simple, by which these companies could be induced or required to give to the Government additional security for its indebtedness, and by which the payment of the debt would be insured beyond a reasonable doubt. We believe that we have completely accomplished these purposes by the bill of Mr. POST. It provides—

First. That the Secretary of the Treasury shall ascertain as of the date of October, 1884, the present worth of the indebtedness to the United States of said subsidized roads, after deducting any amounts paid thereon or in the sinking fund to the credit of said companies.

Second. That the Secretary of the Treasury shall divide the amount so found into a hundred and twenty parts, and receive from said companies a hundred and twenty bonds of each of said companies, payable in semi-annual installments, with interest at 3 per cent. per annum, and providing for the payment and extinguishment of one of said bonds every six months, with a proviso that said companies should receive no Government pay for transportation over any of their lines owned, leased, or operated until the bond next becoming due shall be paid.

Mr. BLOUNT. Will my friend allow me to ask what would be the

difference in the amount paid to the Government by these roads under that proposition and the amount which the Government has been receiving from them? Of course we can not tell about the future.

Mr. JORDAN. I will state in regard to that in a few minutes, and then give a direct answer to the question of my friend.

Mr. BLOUNT. Of course I do not care when it is answered.

Mr. JORDAN. I will answer it in a few minutes; it will become a necessary part of my argument to answer it.

Third. That the statutory lien or mortgage created under the acts of July, 1862-'64, and the security created by the Thurman sinking-fund act of May 7, 1878, together with a further lien on the whole line of said companies, whether owned, leased, or operated by them, including rolling-stock, fixtures, &c., should be and remain as security for the payment of said bonds so to be executed. The companies have under this provision the right to pay up the whole of the indebtedness at any time. The said bill contains other and important provisions looking to the preservation of all the other rights held by the Government under existing laws.

This bill provides for the acceptance by the companies of the provisions of the bill, and that on failure to accept them they shall be required to pay 35 per cent. of their net earnings to the Government; and also provides in that event for a further and better investment of the moneys in the sinking fund.

These two plans are now before the House. The railroads which have been subsidized by the Government with bonds as well as lands are as follows:

The Union Pacific, running from Omaha to Ogden Station, a distance of 1039 miles.

The Central Pacific, which connects with the Union Pacific at Ogden Station, and runs from there to Sacramento City, a distance of 860 miles.

The Kansas and Pacific, running from Kansas City westerly to Gopher Station, in Kansas, 394 miles.

The Central Branch of the Union Pacific, running from Atchison to Waterville, Kans., 100 miles.

And the Sioux City and Pacific, running from Sioux City, Mo., to Fremont, Nebr., a distance of 101 miles.

The amount advanced to all these roads in the aggregate was \$64,000,000, and neither it nor the interest matures until 1898. Large payments have been and are constantly being made upon this indebtedness, and while the amount now estimated to be owing is about \$100,000,000, it is estimated that at the maturity of the bonds the amount owing will not be more than \$75,000,000.

Three important questions now present themselves for the consideration of the House:

First. Will we adopt and pass the bill presented on behalf of the committee?

Second. Will we adopt and pass the substitute offered by Mr. Post?

or,

Third. Will we leave the railroads as they now are, to pay what is required of them by law and under the operation and security afforded by the sinking fund created by the Thurman act?

I will speak on these points in their order.

The first principal provision of the bill reported by the Committee provides that the Government shall collect 35 instead of 25 per cent. of

the net earnings of the roads; in other words, changes the Thurman bill to that extent.

Under the present or existing laws, from all the bond-subsidized roads, the amount annually received is \$2,977,096.96.

Under the bill reported by the committee the amount received would be \$4,502,295.62, making a little more than one million and a half, in addition to what the companies are now paying. And under the bill as amended the amount required would be nearly six millions of dollars. This is claimed to be the great merit of this bill, and the chief ground upon which it is urged; and certain figures are set forth for the purpose of showing that these companies are able to pay these extraordinary amounts of money. In our judgment this feature of this bill is one of the greatest and strongest objections to it. As we regard the matter, we consider that it is much more important that the people shall have cheap transportation over the whole system of the Pacific roads, and through them over all other roads, than that the Government should coerce the speedy payment of its debt. I regard cheap transportation over the Pacific roads, and over all other roads, as being the most important matter which can engage the consideration of Congress; and that every act in opposition to this idea should be regarded with hostility by Congress.

The report of the Union Pacific Railroad to its stockholders shows that for the year ending December 31, 1883, the aggregate amount of its passenger and freight traffic was considerably greater than the previous year. While it carried 21 per cent. more of passengers and 23 per cent. more of freight, its receipts were \$1,821,342.46 less than the year before. Although we have not the official results before us, we are informed that the same result has occurred upon the Central Pacific and the other roads. This was occasioned solely by a reduction of charges in freight and passengers. We regard it as of the utmost possible importance that everything should be done to encourage this reduction and cheapening of transportation, and that nothing should be done looking in the opposite direction. The public who travel over these roads, and who transport their property upon them, are entitled to the most liberal consideration at our hands.

The bill of the committee is in direct conflict with the interest of every man, woman, and child carried over these roads, or who uses them as carriers of freight. Let me ask who is it who will be compelled annually to pay this additional million and a half of dollars (or \$3,000,000 if the bill is amended as asked) which this bill proposes to add to the amount paid by these companies? Where do the companies get the money with which they pay and are to pay the large amounts required of them by the Government? Is it not a charge or exaction upon the public—upon the people—upon those who use the road? Every dollar in excess of what these companies are now required to pay to the Government will be raised by an increase of the price of passenger and freight charges on these roads. Railroad companies are not eleemosynary institutions. Certainly nobody on this floor has applied any names of that kind to them. They carry on business upon the same principle as natural persons, for the purpose of making money. If they must pay more they will charge more. The ratio of payment will be the ratio of collection, and hence the ratio of charges.

Mr. CASSIDY. Right in connection with that statement, if the gentleman will permit me, I will say that I have the report of the

Government experts sent to Boston to examine the books of the company; and that report shows a falling off in the net earnings of the company, for the first five months of the present year, of \$1,983,000 in round numbers.

Mr. BLOUNT. What was the amount of the last dividend?

Mr. CASSIDY. The last dividend they ever paid they had to borrow the money to pay it.

Mr. JORDAN. One of the roads I think pays 6 per cent. and the other 7 per cent.

Mr. BLOUNT. I mean the last dividend.

Mr. CASSIDY. One and three-quarters per cent.; they pay every three months.

Mr. JORDAN. Here is a reduction in the amount of the receipts of that road of nearly \$2,000,000, and yet they have transacted nearly 25 per cent. more business than before. I am in favor of that sort of legislation which will permit these roads to keep on reducing their rates of freights in order that the people may have the benefit of that reduction in cheap transportation.

Mr. LAIRD. Will my friend permit me to ask him a question?

Mr. JORDAN. With great pleasure.

Mr. LAIRD. Can you show the House where the Union Pacific Railroad has ever reduced its charges for carrying freights and passengers a solitary penny? If so, I would like to have you do it.

Mr. JORDAN. I would refer my friend to the report of the Railroad Commissioner on that subject. He will find there that there has been a very large reduction both in 1882 and 1883.

Mr. LAIRD. I know there was a reduction in Colorado, where they had been charging 10 cents a mile for passengers, to 5 cents a mile, and there has been some reduction for passengers in Nebraska; but I know of no reduction in freight charges.

Mr. JORDAN. I think my friend has not thoroughly and fully investigated the report. He will find on examination that I am entirely correct.

Mr. PAYSON. Will the gentleman permit an inquiry?

Mr. JORDAN. Always.

Mr. PAYSON. How would it injure the general public if those gentlemen controlling these railway corporations should accept smaller dividends than they have been getting for the last eight years?

Mr. JORDAN. That will depend upon two propositions: In the first place, whether the dividends they have been getting are unreasonable dividends; and second, whether these roads are now in a condition in fact to pay dividends upon their earnings, or whether they are paying them by exhausting their reserve.

Mr. PAYSON. As a member of the committee, will the gentleman give the House his judgment as to whether the dividends these companies have been exacting from the people have not been extortionate ever since they first commenced paying them.

Mr. JORDAN. That will be part of the argument I will undertake to make before I close. The question is readily answered. The gentleman will find that I have considered all these matters very fully.

Mr. PAYSON. Will the gentleman allow one further inquiry? When he comes to descant on the dividends these companies have been paying, will he bear in mind the fact that none of these roads cost the present companies a single dollar?

Mr. JORDAN. Now, I would like to make a remark on that point

to the House. What difference does it make, so far as regards the question upon which we are now passing, whether the owners of these roads have paid a dollar toward their construction? The Government of the United States did not give these companies these bonds; it loaned them bonds, did it not? The bonds were theirs to do with as they pleased.

Mr. PAYSON. It did.

Mr. JORDAN. And it is exacting payment of the bonds.

Mr. PAYSON. It is trying to do so.

Mr. JORDAN. What difference, then, does it make what the owners of the roads did toward the construction of the roads? The only question that can arise is whether the dividends which are being paid are upon a fair capital stock of the roads, and I will undertake to show that they are.

I am glad to see gentlemen interested in this question, and if they will follow me in what I say, or if they will investigate these matters as I have done for months as a member of the committee, they will come to the same conclusion that I do.

I resume my argument where I left off at the time I was interrupted.

Mr. Speaker, it would not be a difficult task in this House to show that tariffs, internal-revenue taxes are collected from the consumer; and passenger and freight charges are simply taxes levied by corporations upon individuals who travel and upon property which is transported.

This being so, we consider that this bill of the committee will result necessarily in an increase instead of a decrease of passenger and freight transportation over these roads, and that the public will pay, both in the cost of transportation and in the increased price of goods, all that is demanded by this bill in excess of what is paid now.

This argument ought to be sufficient to induce the House to reject a proposition which makes the people who use these roads pay an additional tribute of \$1,500,000 a year, or \$3,000,000 more, as now asked by the amendment.

There is another reason why we can not adopt the bill of the committee, and which seems to me a very strong one; and that is, a conviction that it is necessary to the successful management of the business of these roads that they should be allowed to use a considerable portion of their profits in constructing feeders and branch roads and in maintaining the best possible equipment for their roads. This has been the policy of these roads, in common with all the other great railroads of the country, and is a necessity forced upon them by powerful rivals who compete with them for every passenger and pound of freight carried over their lines. This policy has been beneficial to the companies, and has enabled them to maintain their main trunk lines in which the Government is interested, and to pay to it the amount required by the Thurman act, and to make their business successful and profitable. Upon this subject the Government directors of the Union Pacific Railroad say:

The road-bed, track, buildings, and equipment are all in excellent condition and kept well up to the highest standard of the best roads of the country. The feeding lines are bringing each year additional traffic to the main line and increasing profits from their own business, to the permanent advantage of the whole system.

I regard it as greatly in the interest of the public that these roads should be well built, maintained, and equipped, and that they should have the means and be left free to compete with their rivals by making

cheaper rates to the people in the future, and any other policy is short-sighted and unwise; and while it may cater to some local prejudice or feeling, it will, as a result, do great injury to the general business interests of the people; not simply those who use the road for local traffic, but that great body of the people who are carried over it, and who use it for more important and general purposes.

They should be allowed to use a considerable portion of their profits in constructing feeders and branch roads and in maintaining the best possible equipment for their roads. This has been the policy of all these roads. It is demanded by the necessities of business and travel over them; it is demanded in the interest of the public convenience. It is a necessity forced upon them by powerful rivals, who compete with them for every passenger and every pound of freight carried over these lines.

Look at the Union Pacific Railroad. You will find it paralleled from one end to the other by two great roads—the Quincy and Burlington Railroad upon the one side, and the Atchison and Santa Fé upon the other. The case is said to be the same in regard to the Central Pacific Railroad. It is said that all these roads are either paralleled by other great roads, or are compelled to compete with other and rival roads for all the business they transact.

Mr. GLASCOCK. Will the gentleman state what line there is parallel to and competing with the Central Pacific Railroad? There is no line competing with the Central Pacific road, and it absolutely holds a monopoly of all the California business.

Mr. CASSIDY. I hope the gentleman from Ohio will allow me to answer the gentleman from California.

Mr. JORDAN. I yield to the gentleman from Nevada, the chairman of our committee, for that purpose.

Mr. CASSIDY. The gentleman from Ohio, when he speaks of these roads being parallel, or in competition with other roads, means, as I understand him, that the Central Pacific does not control all the business in that section of the country, that there is a diversion of business from it, and consequently a reduction of the earnings of these subsidized roads. And now taking his statement in the sense in which he means it, I undertake to maintain that the completion, for instance of the Northern Pacific road, has diverted from the Union Pacific all the Montana freight, all the Washington Territory freight, and in a great measure the Oregon freight. I maintain, also, that the completion of the Southern Pacific has diverted a large share of the business from the Central Pacific.

Mr. GLASCOCK. Is not the Southern Pacific practically under the same control?

Mr. ANDERSON. Are not all these roads pooled?

Mr. CASSIDY. I am not speaking of competition as reducing rates, but in regard to its effect in reducing business.

Mr. JORDAN. Resuming where I left off, I desire to repeat that the policy of allowing these roads to construct or aid in the construction of branches and feeders has been beneficial to the companies and has enabled them to maintain the great trunk lines in which the Government is interested and to pay the amount required by their contract with the Government, the amount fixed by the Thurman act, and to make their business successful and profitable.

Another grave objection to this bill of the committee is that it will prevent them from paying dividends to their stockholders. When the

Thurman bill was passed it was never contemplated for a moment that the roads should not pay a dividend to their stockholders; on the contrary, it was intended they should pay a dividend. It may be well here for me to quote from the remarks of Senator Thurman, the distinguished author and champion of the sinking-fund bill in the Senate.

On this subject Senator Thurman said:

If the committee had not recognized the fact that it is for the interest not only of the companies, but of the country and the public, that the stockholders should be allowed to receive some reasonable dividends, because where roads pay dividends they are always better managed than where they pay none; if it had not been for those considerations we might justly have acquired more onerous conditions than those that we have imposed by this bill. Am I right about that? It is shown by the report of your committee, by going over the receipts and expenditures of these companies for long periods, that they can comply with this bill and pay every dollar of interest annually upon their indebtedness, both that whose lien is inferior to that of the United States as well as the first mortgage whose lien is superior; that they can pay every dollar interest upon their entire funded debt, pay all their operating expenses, pay to the Government what by existing law they are required to pay, and pay into a sinking fund what this bill requires them to pay, and then have annually for distribution among their shareholders as follows: The Union Pacific about 4½ per cent. on the nominal value of the stock, or 6½ per cent. on its present market value, and the Central Pacific about 6.4 per cent. on the nominal value of the stock.

One of the effects of this bill of the committee will be to prevent the payments of dividends to the stockholders. This is all wrong. The stock of these roads has been regarded by our people as a good investment. It is held and owned in all parts of the country. More than 5,000 persons are stockholders in the Union Pacific alone. The securities of these roads, including the stock, "have become favorites in the market for investments, and they are widely scattered at home and abroad. They have taken to a certain extent the place of the public funds as investments." Stop the payment on these stocks, and you ruin thousands of innocent people.

Two of these roads—the Sioux City and the Central Branch of the Union Pacific—are not only put under the operation of the Thurman act by this bill of Mr. THOMPSON, but are required to pay 35 per cent. of their net earnings to the Government, when as a matter of fact they have never paid a dollar by way of dividend on their stock; and the latter road is in a state of hopeless insolvency.

Mr. THOMPSON. I will call the gentleman's attention to the fact that the Sioux City and Pacific Railroad paid as dividends on its capital stock the sum of \$11,930, or more than 10 per cent.

Mr. JORDAN. I do not so understand the fact. That road has been in a chronic state of insolvency ever since its creation. If the company did pay the amount stated, \$11,930, instead of being 10 per cent. on its capital stock, it would only be about 1 per cent. on its stock, which amounted to \$1,000,000. And now let me ask the gentleman a question. Did this company, in the twenty years of its existence, ever pay any other dividend?

Mr. THOMPSON. I have not examined the full list of dividends. But I will state that last year it increased its net earnings over 200 per cent.

Mr. JORDAN. The gentleman is again mistaken. He is referring to the Central Branch of the Union Pacific, not to the Sioux City and Pacific Railroad, which only increased its earnings 28 per cent.

At the time I was interrupted I was considering the question of these roads being allowed to pay dividends to stockholders, and I have simply to add in addition upon that point that this view of the matter was

taken by Senator Thurman in a discussion of his bill, that no Senator who took part in that discussion on either side ever suggested any other course.

Indeed, Mr. Speaker, will any man in his senses, any lawyer, suppose for a moment that a bill depriving the stockholders of all dividends would have been regarded by the Supreme Court as constitutional? They had already decided that the debt owing to the United States was not due until 1898, that the Government had no right until then to require payment, and it would have been more than unreasonable to require these companies to lay aside for the future so much of their earnings as disabled them from paying a dividend to their stockholders.

The stockholders of a railroad company are its owners, and to have deprived them of the whole of their dividends would have been an act so arbitrary in its character and so unreasonable that the Supreme Court would never have decided it to have been within the limitations of the constitutional power of Congress. If this policy had been pursued does any man suppose for a moment that this company would not have ceased business at once, and been compelled to abandon its property to the Government? And we would have found ourselves in the position of having the United States taking one more step in the direction of centralization, and found it engaged in carrying on the business of a railroad.

Mr. ANDERSON. Will the gentleman allow me to ask him a question?

Mr. JORDAN. I hope my friend from Kansas will not think me discourteous in declining to yield further. I have already been too generous in yielding my time for interruptions.

And now, Mr. Speaker, proceeding further in my objections to the bill of the committee I find another important argument against this bill is that it puts in jeopardy all the money now in the sinking fund under the Thurman bill, now amounting to about \$5,000,000, and will result probably in having that law declared unconstitutional. There has been paid in already under that bill many millions of dollars which will be lost to the Government if that law should be declared unconstitutional. This law was declared constitutional, as has been stated, by a divided court. And whoever will take the trouble of examining the dissenting opinions of Justices Field, Bradley, and Strong will consider their argument against the constitutionality of the act of May 7, 1878, as entitled to the gravest consideration. In the mutation of human affairs but five of the justices who took part in the decision of that case are now on the supreme bench, and of these five only three believed the law to be constitutional.

This bill of the committee, by changing the amount to be paid in under the Thurman law and extending its operation, gives these companies an opportunity, if it does not invite them, to again test the constitutionality of this sinking-fund law. Is it good policy or wise statesmanship to do this? I have the highest possible regard for Judge Thurman, and this bill will long stand as a monument of his ability and skill as a lawyer and a statesman. At the same time I have the most serious doubts as to its constitutionality. Is it not better to stand where we are and take no chances in this matter? Let us be contented with what we have, and not, like the dog in the fable, lose the substance while grasping at the shadow.

Mr. JONES, of Wisconsin. Does not the railroad company have every year the right to test the constitutionality of that law, and will it not have that right whether we pass this bill or not?

Mr. JORDAN. I think it has the right to do it now, but these companies have not been disposed to do it, because they are willing to pay the amount required under these various acts. But if you undertake to say that these railroads shall pay annually a million and a half of dollars more than they are now paying (and indeed it would be more than three millions under the amendments made to the bill), then you will have so burdened them beyond their ability to bear that they will be compelled to find relief from your oppressive exactions either by appealing to the justice of the courts or by abandoning their business or surrendering their property. In my judgment, Mr. Speaker, this bill of the committee puts in jeopardy all the money now in the sinking fund and risks all that has been expected from it. In my opinion it is an unwise measure, and I desire on behalf of the Government and the public, whose servants we are, to put on record my protest against it.

I now come to the consideration of the fifth section of the bill of the committee, which is as follows:

SEC. 5. That the Central Pacific Railroad Company pay into said sinking fund the sum of \$5,000,000; that the Union Pacific Railroad Company pay into said sinking fund the sum of \$5,000,000; that the Kansas Pacific Railroad Company pay into said fund \$2,000,000; that the Sioux City and Pacific Railroad Company pay into said fund \$500,000; that the Central Branch of the Union Pacific Railroad Company pay into said fund \$500,000, all of which said payments shall be made by said companies on or before January 1, 1885: *Provided, however,* That all sums of money, if any, which are claimed by said corporations, or any of them, as due them for services rendered the Government in transportation of mails, passengers, freight, or otherwise, as follows, namely: First, one-half compensation earned on bond-subsidized roads from January 1, 1873, to June 30, 1878; second, total compensation earned on non-bond-subsidized roads owned, leased, controlled, operated, or managed by subsidized companies from January 1, 1873, to this date; third, one-half compensation earned from July 1, 1878, to this date on bond-subsidized roads not embraced in the act of May 7, 1878, and which said sums so claimed have been withheld by the Government and applied, in whole or in part, to the payment of interest on the said subsidy bonds or to the purposes of the sinking fund, shall be credited upon said cash payments directed to be paid as aforesaid to the extent of the interest of each of said companies respectively in said claims; and upon all of said sums claimed to be due upon the accounts aforesaid and so withheld, and which have been applied to the payment of interest, there shall be interest allowed said corporations at the rate of 3 per cent. per annum from the said date of application until covered into the sinking fund under the operations of this act; and upon such portion as went into the sinking fund credit shall be given as of date it was passed to said fund, with interest at the rate produced by the investments then made; and if said credits when so allowed fall short of the cash payments herein required, the Secretary of the Treasury shall suspend the collection of the residue until further directed by Congress.

The accounts between the Government and the said corporations shall be restated to conform to the requirements of this act, and the unpaid interest account increased in proportion to the sums transferred from it to the sinking fund.

I read so much of the report of the committee as bears upon this section. It is as follows:

The accounts between the Government and the railroads are in a very unsatisfactory and uncertain condition. The complications arise principally out of the act of March 3, 1873, which has since been carried into the Revised Statutes as section 5260. The companies claim that this act was an attempted modification, without their consent, of what they claim was a charter-contract made in the act of 1864; that by said act Congress retained only the right to withhold and apply one-half the compensation earned upon the bond-subsidized portion of the roads by services to the Government; therefore, they say, the officers having retained all not only on the bond-aided portion but also on the non-bond-aided road owned by them (and upon roads not embraced by the Thurman act since it took effect), they have a right to recover the same back with interest.

These claims, as stated, are about as follows :

1. One-half compensation earned on bond-subsidized roads from January 1, 1873, to June 30, 1878.....	\$1, 753, 554 79
2. Total compensation earned on non-bond-subsidized roads owned, leased, or operated by subsidized companies from January 1, 1873, to June 30, 1882.....	1, 418, 110 84
3. One-half compensation earned from July 1, 1878, to June 30, 1883, on bond-subsidized roads not covered by the act of May 7, 1878, or Thurman sinking-fund act.....	221, 572 01
Total.....	3, 393, 207 64

This is for mail transportation alone, and the data furnished does not run down to date, nor has it been practicable to obtain sufficient information to give even an approximate estimate as to the amount of compensation earned by the bond-subsidized roads for services other than mail transportation of the three several classes above set forth and for the separate periods mentioned. It is thought it will equal, if it does not exceed, the amount above allowed for mail transportation.

These claims, if allowed with interest, will be over \$10,000,000, and require large deficiency appropriations to pay the same. Shall they be paid, or in some way covered into the sinking fund?

It has been held by the Court of Claims that the Government could not retain, for the purpose of paying interest, any portion of the compensation due on the non-subsidized portions of said roads, or on roads controlled, leased, or operated by the subsidized companies; further, that it could only retain one-half the compensation for that purpose on the subsidized portions of said roads. This practically declares the act of March 3, 1873, inoperative, and leaves the Government to pay the claims above set forth, unless they can be covered into a sinking fund. (16 Court of Claims, 360.) It must be noted, however, that the sinking-fund act was not under consideration in the decision referred to above.

It will be seen that this section relates to three distinct classes of claims which it is sought by the arbitrary act of Congress, by a sort of legislative sequestration, to take from these roads and turn into a sinking fund.

I deny the authority of Congress to pass this act, and submit the question to the candid consideration of every lawyer and every fair-minded man in the House.

It is admitted in the report of the committee, and it was decided by the Supreme Court, that Congress could not take any of the money or current earnings of these roads and appropriate them to the payment of the debt; but it is said that, while we can not do this, we can order these companies to pay a sum larger than these amounts into the sinking fund, allow them interest upon it (and thus kick the devil around the stump), and thus prevent the companies getting the money they are entitled to.

Now let us see what was decided in the Sinking-fund case.

The court decided in that case simply that Congress had a right to require the companies which had been subsidized by the Government with bonds and lands to lay aside so much of their current earnings, after paying a dividend to their stockholders, as would be necessary to protect the Government or other creditors, and that a sinking fund could be established in the Treasury of the United States for that purpose. That decision related wholly to the future earnings of the road, and did not operate on any moneys already earned. The fifth section of this bill, however, takes from these companies money already earned and owing to it by the Government, is retroactive in its character, deprives them without due process of law of rights already vested, and is therefore unconstitutional.

In the Sinking-fund case, decided by the Supreme Court of the United States, in 9 Otto, page 718, Chief-Justice Waite, in announcing the opinion of the majority of the court, recognized fully the position that I

content for, namely, that Congress had no power to pass any law setting aside the past earnings of any of the subsidized roads and placing them in a sinking fund. On page 719 the learned judge said:

The precise point to be determined now is whether a statute which requires these companies in the management of their affairs to set aside a portion of their current income as a sinking fund to meet this and other mortgage debts when they mature deprives these companies of their property without due process of law, or in any other way improperly interferes with vested rights.

This shows that the decision did not relate to past earnings, but only to future income or earnings of the road. There was nothing retroactive about it.

On page 720 the learned judge was still more explicit on this point. The language used is:

All agree that the power of Congress can not be used to take away property already acquired under the operation of their charters, or to deprive the corporations of the fruits actually reduced to possession of contracts lawfully made.

On page 721 the court seemed determined to leave nothing in doubt as to its meaning on this point, and said:

It [Congress] can not undo what has already been done and it can not unmake contracts that already have been made, but it may provide for what shall be done in the future.

Again, on the same page, the court says:

All such legislation will be confined in its operation to the future.

Mr. HOLMAN. But there is a power of alteration or amendment in the act.

Mr. JORDAN. My distinguished friend from Indiana suggests that there is a power reserved to the Government in the charter of these companies by which Congress may alter or amend the acts creating them. But, sir, it was upon that direct proposition that the court ruled, and I was reading from that very portion of the decision in support of my position, and I now call the attention of the gentleman and the House to this part of the decision again, and I will read a little more fully than I did before, in order that the House may see the full force of my position and what the court said on the subject:

Taking both acts together, and giving the explanatory statement in that of 1862 all the effect it can be entitled to, we are of the opinion that Congress not only retains but has given special notice of its intention to retain full and complete power to make such alterations and amendments of the charter as come within the just scope of legislative power. That this power has a limit no one can doubt. All agree that it can not be used to take away property already acquired under the operation of the charter or to deprive the corporation of the fruits actually reduced to possession by contracts lawfully made.

The latter part, the gentleman will perceive, is what I read before.

And while I am upon the subject of the power of Congress to alter or amend the acts of July 1, 1862, and July 1, 1864, let me conclude all that I have to say upon that subject. These acts created one corporation, the Union Pacific, and recognized certain other corporations created by the State. These grants were not mere gifts or donations, but were made to these companies in consideration of certain acts to be done by them. The Government by these acts granted to these companies their right of way, a large amount of lands, and agreed to loan its bonds or credit. In consideration thereof the companies agreed to construct the roads and telegraph lines provided for in the act and keep the same in repair and use, to pay the bonds loaned at maturity, to transmit dispatches over the telegraph lines, and transport troops and munitions of war, supplies and public stores upon said railroads for the Government when required at certain rates, and give the Government a preference

in so doing, and apply one-half compensation and 5 per cent. interest on bonds until paid. And it was provided in said acts that the companies named therein should "file their assent thereto under their seals in the Department of the Interior within one year;" and these acceptances were filed.

Now, until that was done no right passed from the Government or to these companies; when that was done a contract existed between the Government and these companies obligatory upon both, and from which neither of them could withdraw.

It must be evident to any one, who will consider the matter for a moment, that the United States in the enactment of these laws and making the contracts above mentioned acted in two distinct capacities. In creating the corporation and granting a franchise to it and to other corporations we see an act of political sovereignty, but in all other particulars we simply see the Government making contracts as a civil corporation. Under the power to alter and amend Congress unquestionably reserved certain rights in relation to these companies and to their franchises; but it could in the nature of things reserve no power whatever to alter, amend, or repeal any part of these acts which by the acceptance of the company constituted a contract. It seems to me that to take any other view of this matter would leave these corporations, after they had accepted the terms proposed by the Government, and after they had entered upon the execution of their contract and built their roads, entirely at the mercy of Congress.

Touching the authority of Congress as to its power to alter and amend such contracts, and claiming that in so doing it can not take away or destroy rights which have already vested, I desire to call the attention of the House to what has been said upon this subject by statesmen and courts.

Mr. Madison said, in the forty-fourth number of the *Federalist*—

That laws impairing the obligations of contracts are contrary to the first principles of the social compact, and to every principle of sound legislation.

In the case of *Fletcher v. Peck*, reported in 6 Cranch, page 103, the court said, in substance: That legislative grants in the nature of a contract and under which rights have vested are not held *durante bene placito* of the law-making power.

In 15 Monroe, Kentucky Law and Equity Reports, page 320, it was said by an eminent judge that—

A reservation by the Legislature in a charter of power to alter, amend, or repeal does not imply the power to alter or change the vested rights acquired by the corporation under the charter.

In the case of the *Commonwealth v. Essex Company*, in 13 Gray Reports, Chief-Justice Shaw, in speaking of the power reserved in the words to alter, amend, or repeal, said:

Where under a power in a charter rights have been acquired and become vested, no amendment or alteration of the charter can take away the property or rights which have become vested under a legitimate exercise of the power granted.

In the case of *Calder v. Buell* (3 Dallas, page 388) it was said by the court:

The Legislature may command what is right and prohibit what is wrong, but they can not change innocence into guilt, or violate the rights of an antecedent private lawful contract, or the rights of private property.

And Justice Swayne, in the case of *Shields v. Ohio*, in 95 U. S. S. C. Reports, said:

Such alterations must be reasonable; they must be made in good faith, and

must be consistent with the object and scope of the act of incorporation. Sheer oppression and wrong can not be inflicted under the guise of amendment and alteration.

Where, then, Mr. Speaker, is the power of the Congress of the United States to take away from these companies their vested right in the moneys already earned by them? Would any man have the hardihood to claim upon this floor that Congress could take the lands of these companies for the purposes of a sinking fund? If these companies had United States bonds, stocks, moneys, would anybody assert that Congress could take these and put them into a sinking fund? If, indeed, these companies were the owners of bills receivable and other choses in action, would it be said that Congress could seize on these, deprive the companies of them, and put them into a sinking fund? And what, Mr. Speaker, is a claim against the Government owing to these companies and withheld from them but a chose in action?

How pertinent at this point is the language of Judge Strong, to be found on page 738 in 99 U. S. S. C. Reports. He said:

What is property? A right in action is as completely property as a title to land. A very large part of the property of the country consists in rights attendant upon contracts. The right of a promisee to demand payment when a note falls due is a right of property.

And so a claim owing by the United States to these railroad companies is a vested right, that can not be taken from them by retroactive legislation, or in any other way except by due process of law, and that has been defined to be "by law in regular course of administration through regular courts of justice."

Mr. Thurman never thought anything of this kind could be done, nor was it attempted by the act of 1873.

In 4 Devereux, North Carolina, page 1, Chief-Justice Ruffin said:

To do indirectly in the abuse of the exercise of an acknowledged power, not given for but perverted for that purpose, that which is expressly forbidden to be done directly, is a gross and wicked infraction of the Constitution.

Mr. HEWITT, of Alabama. Will the gentleman permit me to ask him a question?

Mr. JORDAN. Yes, sir.

Mr. HEWITT, of Alabama. Are any of these roads now indebted to the sinking fund; and, if so, in what amount?

Mr. JORDAN. Four of them are not. The Union Pacific is indebted, but it claims \$4,000,000 to be due to it from the Government by way of compensation for transportation. If this is adjusted there is not one of them that owes the sinking fund a dollar. But, Mr. Speaker, the next provision of this section is, if anything, more monstrous and illegal than the one I have just considered.

It proposes to take from these companies and carry into the sinking fund the whole compensation earned on non-subsidized roads, whether owned, leased, controlled, operated, or managed by the subsidized roads, from January 1, 1873, to this date.

Mr. STRUBLE, of Iowa. The whole of the compensation?

Mr. JORDAN. No wonder it strikes my friend from Iowa as a strange proposition. Yes, sir; the whole compensation.

Now, in order that the House may understand the full force of this provision of the bill, let me make a brief statement of the facts: The Union Pacific Railway Company, including the Kansas Pacific, only received aid from the Government in bonds on 1,436 miles of its road. There is now embraced in the system of that road 4,327 miles. Eighteen

hundred and twenty-nine miles are owned by the company and 2,498 miles are merely controlled or operated by the company.

The Central Pacific Railroad system embraces 3,003 miles. Only eight hundred and sixty miles were subsidized or aided in bonds, and 2,177 miles are merely leased or controlled by the Central Pacific.

Now, while not more than one-third of the Union Pacific and not more than one-fourth of the Central Pacific was subsidized, it is sought to take the earnings of 4,675 miles of road which received no Government aid. This amounts to an illegal appropriation into the sinking fund of several millions of dollars already earned, and honestly owing by the Government to these companies for transportation services on non-subsidized roads. By the charter or contract the companies agreed to allow the Government to retain one-half compensation on the subsidized or aided lines, but it did not agree to allow anything to be retained on non-aided lines, and the Government paid on such lines for many years. There was a consideration for a promise to pay the one-half compensation on an aided road, and there might be a pretense of right to require the other half to be paid into a sinking fund, but here there is no promise to pay any part of the compensation upon a line not subsidized, nor is there any consideration for such a promise.

But it is said that the Government deals with the corporations and not with the roads, and that the companies have promised to pay, and this makes them liable over the whole length of their road, whether they own it, lease it, or operate it—the same exactly as they are upon the subsidized portion of the road. Indeed, if this is so, why do you not apply the same principle that you do over the subsidized roads? Why do you not apply one-half to the payment of the interest on the bonds? Why pay it all into a sinking fund? If this proposition is correct, the companies are entitled to have one-half applied to the payment of interest, and you have no right to prevent it; and you could only carry the other half into the sinking fund.

The advocates of this bill must take one horn of the dilemma or the other. The Government either had or it did not have the same right to retain one-half of the compensation on non-aided as on aided lines. If it did have, then this provision of the bill is wrong, as it changes the application of this money by putting the whole into a sinking fund when it was bound to apply one-half to the payment of interest. If it did not have this right, then the Government should have paid this money to the companies.

Mr. Speaker, the author of this bill knew perfectly well that the Government had no claim upon the money earned upon these non-aided lines, and that it ought to have paid it over; and hence he seeks by this bill to have the whole of it carried into a sinking fund, and not one-half, as in case of the compensation on the portions of the road subsidized with bonds. But, Mr. Speaker, we need not reason or speculate upon this subject. It has been already passed upon and settled by the courts.

The first case which I cite is that of *The United States v. The Denver and Pacific Railway Company*, reported in 9 Otto, page 461. The syllabus of the case is as follows:

The Denver Pacific Railway and Telegraph Company is not liable for the debt incurred by the Kansas Pacific Railway Company on account of subsidy bonds; and although it is bound to perform the Government service stipulated by the Pacific Railroad acts at the rates therein prescribed, and is subject to their provisions so far as they are applicable to it, no part of the compensation due it for such service can be retained by the United States.

Now let me read the note at the end of the decision:

At a subsequent day of the term Mr. Justice Bradley remarked: "Since delivering the opinion in this case our attention has been called to the fact that, while affirming generally the judgment of the court below, we did not expressly pass upon the question of the right set up by the Government to retain one-half of the amount of compensation due from it to the claimant for the transportation of mails and other public property. This point was not overlooked in rendering our judgment in the case. We can not conceive on what principle the retention can be claimed, since the object of retaining the compensation for such services or any portion thereof, as expressed in the sixth section of the act of 1862, was to apply the amount so retained to the debt due to the Government for subsidy bonds granted to the companies that should receive the same. But the claimants in this case received no such bonds, and we decided that neither the company nor its railroad or property is liable in any way for the payment of any debt incurred for such bonds received by the Kansas Pacific Railway Company. Consequently there is no room for the application of the right of retention in this case, and the judgment of the Court of Claims was properly rendered for the whole amount of such compensation due."

In the case of *The Union Pacific Railway Company v. The United States*, reported in the sixteenth volume, page 353, of the Court of Claims Reports, the court held that compensation should be paid to a subsidized company for services on a part of its road owned but not aided by subsidy bonds. And in the same volume of reports, on page 361, will be found the case of *The Central Branch of the Union Pacific Railway Company v. United States*, in which the same court decided that compensation should be paid for services to a subsidized company on a line leased by it. These cases were regarded as so clear by the Attorney-General of the United States that they were not carried to the Supreme Court. Indeed, the decisions of the Supreme Court of the United States in the case of *The United States v. The Kansas Pacific Railway Company*, in 9 Otto, page 450, and the case of *The United States v. The Denver Pacific Railway Company* (above quoted, in the same volume of reports) had so settled the principles of these cases that it was useless to go any further in the matter.

In addition to all these decisions Hon. William Lawrence, First Comptroller of the Treasury, in one of the Pacific Railway cases, rendered an able and interesting decision, in which he reviews all the decisions upon the subject and decides the same way. The principle that I contend for ought now to be considered settled, as it has been decided by the First Comptroller of the Treasury, by the Court of Claims, and by the Supreme Court of the United States. In all these decisions the companies are held to be one thing and the roads another, and no duty or liability is held to accrue under the acts of July 1, 1862, and July 1, 1864, except upon or to the extent that the road was subsidized. Hence it is that the courts have refused to recognize any lien, right, or claim of any kind upon the non-aided lines. It thus appears that the attempt to take the earnings of these companies on the non-subsidized lines, whether owned, leased, operated, or managed, is illegal, and this section of the bill unconstitutional. This act of the Government might well be likened to the case of a mortgagee who holds a second mortgage upon a farm, and long before his debt becomes due files a bill in equity asking the court to appoint a receiver to collect the earnings not merely from the said farm upon which he has a lien, but also asks the court to require the debtor to pay to the receiver any earnings which he should make upon other farms which he should lease or control or manage. If there is any single element in this proposition upon which the court could act, then I can understand what my friend from Kentucky meant when he said that any court would sustain his bill.

Mr. Speaker, every provision of this fifth section of the bill of the committee is retroactive, and without due process of law deprives these companies of rights which have long since vested. They can neither be defended in the forum of law nor conscience. This whole section of this bill is a mere assertion of arbitrary power because the Government has got the money in its possession. It is indeed the clearest abuse of power and done without a shadow of right. It can be justified in no tribunal which proposes to do justice. It is the Government adjudicating in its own favor matters which it is unwilling to trust to the judicial tribunals of the country. It is an act by which the Government, having refused to pay what it was bound to pay, having retained by superior force or advantage of position as debtor, now seeks to justify itself.

It was once said by a distinguished judge that "a corporation had no soul to be damned nor body to be kicked;" and if this act is passed it would seem that they had no rights which Congress is bound to respect.

The next clause of the bill seeks to carry into a sinking fund the amount due from the Government to the Kansas Pacific, Central Branch of the Union Pacific, and the Sioux City and Pacific Railway Companies on their roads, whether subsidized or not. The same principles contended for above will apply to them, and I will take no further time on this subject.

The sixth section of the bill of the committee directs that all the compensation which the Government may hereafter owe to these companies for transportation over non-subsidized lines if owned, leased, or operated by them shall become and be the sinking fund. The argument above made and authorities above cited apply equally to that section, and I will not detain the House further on this subject.

Mr. BLOUNT. Does this proposition interfere with these—with the leases or contracts which these roads have made or with the payment of the amount due under them?

Mr. JORDAN. That depends upon the construction which may be given to the bill. I do not want to interpret the bill in that particular. Every member will have to do that for himself. I may say that I regard this clause of this bill as a reckless attempt to extend this octopus bill over non-subsidized lines without any reference whatever to their rights.

AS TO THE POST BILL, OR SUBSTITUTE OF THE MINORITY.

Mr. Speaker, I have said much more than I intended in this case, and I will therefore be brief upon what I have to say upon this substitute. It can well rest upon what has so ably been said by the gentleman from Pennsylvania [Mr. POST], and what may be said by the gentleman from Nevada [Mr. CASSIDY], the chairman of the committee.

It is not claimed that this bill is perfect, and indeed there are several amendments to it which have been under consideration and should be made before it is passed. The bill is before the House, and amendments can easily be made to relieve it of any objectionable features. This bill when amended will, in my judgment, be far preferable to that of the committee as presented by Mr. THOMPSON.

It is the principle of this bill which we desire to have presented and considered by the House. If you examine it dispassionately and carefully you will adopt it. If the bill of the committee should become a law, and the amount required by it should be paid by the companies, there would still remain owing to the Government in 1898 \$96,000,000. The Government would then be in the same position that it now is, except as to the amount now owing, and would have to devise some mode

of collecting this debt and making a final settlement with the company. We have thought it best to make this condition of affairs known to the House, and to present a bill looking to such a settlement, and also looking to the ultimate extinguishment of the debt.

The substitute of Mr. POST provides that the amount of the indebtedness of the companies, or the present worth of such debt, should be ascertained; that this indebtedness should be divided into sums within the ability of the companies to pay; that the time for payments should be correspondingly extended; that additional securities should be given for each payment so to be made, and also for the payment of the whole debt. We are satisfied that the principle of this bill will have to be adopted at some time as the basis upon which to settle this matter with these companies. It is not so important to the Government that it shall have its money soon as it is that the debt shall be secured and its payment made certain. It is also important to the Government and the roads that this whole matter shall be taken out of Congress. A distinguished Senator from Indiana, Senator VOORHEES, in the debate at the time of the passage of the Thurman sinking-fund bill, used this language upon this subject:

This subject ought to be removed from Congress; it ought not to be a theme of perpetual agitation in these Halls. The great interests at stake should not be made the playthings of stock speculators, brokers, and gamblers; nor should they be left open for every adventurous, aspiring, restless member of either branch of Congress to inaugurate a new agitation whenever his interests or his ambition might dictate.

The force of these remarks lies in the application.

By this substitute proposed by the minority payments are to be made every six months in certain fixed and definite sums. It is admitted by Mr. THOMPSON in his advocacy of the bill of the committee that at the maturity of the debt of the Government in 1898 there will still be due and owing by these roads the sum of \$96,000,000; and the most remarkable and extraordinary thing is, that in the bill of the committee no provision whatever is made for the settlement or the extinguishment of this debt at its maturity. By the plan proposed by the minority in the substitute the amount which will be owing in 1898 will not be much greater than it will on the plan proposed by the committee. The amount required under the substitute is within the ability and capacity of the company to pay without interfering with the payment of reasonable dividends or with the successful management and operation of the roads. Neither will it require them to increase the price of freight or passenger transportation; on the contrary, it will leave them to pursue a policy dictated alike by common sense and the necessities of business, of gradually reducing to the public the cost of transportation. This substitute, if adopted, will take away every inducement of the companies to divert the business from the main trunk or subsidized lines to other roads, or to lessen in any way the amount of their net earnings. It settles at once all controversies between the Government and these companies, and makes an end of all litigation between them.

Requiring, as it does, that the companies shall give their consent to it, it yields at once to the Government all right to any moneys now owing for compensation upon aided or non-aided lines and all that may hereafter become due. It gives by consent all that is sought to be accomplished by the fifth and sixth sections of the bill of the committee. In order that the semi-annual payments may be made certain beyond question it provides that none of the earnings on subsidized or non-subsidized roads shall be paid until the bond next maturing or semi-annual

payment has been made. And in order that the indebtedness to the Government may be made absolutely secure it provides not only that the Thurman sinking fund shall be continued, but that the lien of the Government shall extend not only over the subsidized roads but over the whole line of the road.

I make a part of my remarks a statement showing the mileage of roads operated January 1, 1884, by the several bond-subsidized roads. These are the main and substantial features of the substitute. I have not time nor do I care to enter into details. I am contending for an important principle. If there are any errors in the bill, let them be corrected by amendments.

Believing, Mr. Speaker, that the substitute is based upon a correct principle, that it will put an end to all the controversies between the Government and the companies, that it will be beneficial to the public in cheapening rather than increasing passenger and freight transportation, that it will quicken the disposition of these companies to pay, that it will lead to a gradual extinction of the debt, and that it will secure its payment and extinguishment of the whole debt beyond peradventure, I am heartily in favor of the principle of Mr. Post's substitute, and with slight amendments it should be adopted. If there is any mode by which additional guarantees and securities can be required from these companies or given by them, I will be glad to vote for any amendment looking to that end. Our object is to obtain a fair, honest, and just settlement of this debt.

Mr. Speaker, I have presented the reasons why the bill of the committee can not be adopted by the House, and some reasons why a bill embodying the principles of Mr. Post's substitute must be adopted sooner or later. If the House is not prepared to indorse either of these measures, or has not time in the few hours allowed for debate to give the subject the consideration which its importance demands, then let us stand where we are, leaving these companies as they now are, under their rights as created by the acts of July 1, 1862, and July 1, 1864, and under the operation of the Thurman sinking-fund act—a measure intended by its distinguished author to do the maximum of good to the Government and the minimum of injury to the companies. From a long and careful examination of the accounts of these corporations, running through many years, from a full consideration of all the information which has been furnished our committee by the friends and enemies of these companies, I am of the opinion that the Central Pacific and the Union Pacific, including the Kansas Pacific, are able—not without difficulty—to comply with their contracts with the Government and successfully carry on and manage their roads, that they can not pay any increased amount of their earnings, and that the Sioux City and Pacific can not even do that much; and I submit now, with little or no comment, the facts and figures to show the truth of what I have said.

I submit to be printed a statement prepared in the office of the Commissioner of Railroads, and which is official, of the revenue and expenditures of the entire line of the Union Pacific for the year ending December 31, 1883, as shown by the books of the company. It shows the total receipts of the company from all sources to be \$23,226,862.77, the total expenditures to have been \$22,958,498.05, leaving a surplus of \$268,364.72. The amount earned by these roads varies considerably in different years; it may be a million or two more in one year than another, and our committee is informed that the present has been a year of loss and disaster to the company instead of profit.

An official statement prepared in the office of the Commissioner of Railroads I make a part of this argument. This statement shows the revenue and expenditure of the entire line of the Central Pacific Railway Company for the year ending December 31, 1882.

The total receipts.....	\$26, 675, 502 41
The total expenditures.....	26, 640, 390 48

Leaving a surplus of.....	35, 111 93
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I submit with what I have to say a statement prepared in the office of the Commissioner of Railroads, showing the revenue and expenditure on the subsidized portion of the said company's road for the year ending December 31, 1882. It shows that after deducting from the amount earned by the company its expenditures, a dividend upon its stock, and the 25 per cent. required by the Thurman act, it would leave a deficit of \$170,059.70.

I also make a part of what I have to say a statement showing the revenues and expenditures of the Central Branch of the Union Pacific Railroad Company, from which it will appear that after deducting from the amount of the receipts of said company its expenditures, interest upon its first-mortgage bonds, and allowing for a dividend upon its capital stock, and taking out the requirement demanded if the Thurman law is applied to this road.

I also have had prepared a statement, which I herewith present, showing the revenue and expenditures of the Sioux City and Pacific Railway for the year ending June 30, 1883. It shows the

Gross receipts to have been.....	\$646, 459 92
Operating expenses.....	\$495, 821 51
Deducting new construction and equipment.....	33, 915 28
Interest on first-mortgage bonds.....	96, 000 00
Dividend on stock (\$68,736.79).....	60, 000 00

685, 736 79

Leaving a deficit in the receipts of this company of.....	39, 276 87
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without paying a dollar under the requirements of the Thurman act if applied to this road.

It thus appears, Mr. Speaker, that these several companies can with difficulty comply with their contract with the Government and the requirements of the Thurman sinking fund, and that they are not able to do any more than this. It would seem wise, therefore, that we should either adopt the Post substitute or leave these roads as they now are, under the operation of the Thurman act.

Is the amount owing to the United States by the Central and Union Pacific Railway Companies secure by existing legislation?

I do not believe, Mr. Speaker, that there is any doubt whatever about it. For my part, I have no apprehension on the subject.

I do not believe that there is any danger that the United States will not receive every dollar owing to it by the Central and Union Pacific Railroad Companies, and I will occupy the House but a few minutes in showing that the debt owing by these companies is perfectly secure.

The amount of bonds advanced to the Central Pacific Railroad Company was \$27,855,680. The interest at maturity of bonds will be \$50,140,224. Total when due in 1898, \$77,995,904.

The amount of bonds advanced to the Union Pacific was \$27,236,512. The interest at maturity of bonds will be \$51,000,000. Total at maturity of debt, 1898, \$78,236,512.

Now observe and remember that I have in this calculation included

interest for fifteen years in advance, which the companies do not owe and which the Government has not paid. In other words, in this estimate is included a sum of about \$50,000,000 which would be excluded if we were considering the present indebtedness of these two roads.

But, Mr. Speaker, let us see, if gentlemen prefer it, what these two companies will owe in 1898, at the maturity of the debt, even when the Government has paid out \$50,000,000 that it has not yet paid. Remember that more than \$20,000,000 has already been paid by these two companies, and that under existing laws and the Thurman sinking-fund act they are required to pay nearly \$3,000,000 a year, and while the debt is not being reduced, yet that the annual increase is less than a million a year.

I desire to read right here a careful estimate, not made by myself but by Mr. W. H. Armstrong, the United States Railroad Commissioner, showing the amount which will be owing by the Central and Union Pacific at the maturity of the debt in 1898. The estimate can easily be verified, and is as follows, and will be found in his report of 1883, on page 13:

CENTRAL PACIFIC RAILROAD.	
Principal sum of bonds advanced.....	\$27,855,680 00
Thirty years' interest, at 6 per cent.....	50,140,224 00
Total.....	77,995,904 00
Deduct transportation, &c., approximately, in round numbers, first fifteen years.....	\$6,000,000
Deduct transportation, &c., approximately, in round numbers, last fifteen years, at present rates.....	13,500,000
By accumulation of sinking fund for the next fifteen years, estimated at \$500,000 per annum, together with amount already in sinking fund, at 3 per cent. per annum	12,500,000
	32,000,000 00
Balance due United States at maturity of bonds.....	45,995,904 00
UNION PACIFIC RAILWAY.	
Principal of bonds advanced.....	\$27,236,512 00
Thirty years' interest, at 6 per cent.....	49,025,721 60
Total	76,262,233 60
Deduct transportation, &c., approximately, in round numbers, for first fifteen years.....	\$12,000,000
Deduct transportation, &c., approximately, in round numbers, for last fifteen years, at the present rate...	16,500,000
By accumulation of sinking fund for the next fifteen years, estimated at \$900,000 per annum, together with amount already in sinking fund, at 3 per cent. per annum	22,500,000
	51,000,000 00
Balance due United States at maturity of bonds.....	25,262,233 60

By authority of the act of Congress of July 1, 1864, each of these companies placed a mortgage upon its road to the amount of the bonds advanced by the Government. This is the only lien or incumbrance prior to that of the United States, and the interest thereon has all been paid up. Subject to those mortgages the United States has the second lien on the whole line of these railroads and telegraph, together with the rolling-stock of every kind and description, and the act provides that "on the refusal or failure of said company to redeem said bonds or any part of them, when required so to do by the Secretary of the Treasury, in accordance with the provisions of this act, the said road, with all the

rights, functions, immunities, and appurtenances thereunto belonging, and also all lands granted to the said company by the United States which at the time of said default shall remain in the ownership of the said company, may be taken possession of by the Secretary of the Treasury for the use and benefit of the United States."

This security on these two roads embraces, therefore, a railroad with a road-bed 200 feet wide, from Omaha to Sacramento City, nearly 2,000 miles in length, with all the equipments in cars and everything necessary to constitute a first-class road. Added to this is a telegraph line coextensive with the road, with all the apparatus connected therewith. These roads were built at great expense originally; they have been improved to meet the demands of business; they have constructed important branches and feeders, and now own in all about 3,000 miles of road; are interested largely in many of their branches and connections; they are in full running condition, and are operated under skillful management; the amount of their through and local business is constantly increasing; along their main lines and branches towns and cities have grown up; their business has become vast in amount and profitable in its character. By the time this indebtedness matures, in 1898, the population of the United States will have increased to 75,000,000.

The country through which this road passes will have its full share of this increased population and of the increased business which naturally comes from it. When we take all these things into consideration and add to them the power reserved by Congress in its charter over these roads, a power to take possession of the road itself and all of its equipments and property upon a failure to pay its debts to the Government, can any man doubt that the claim of the Government is entirely secure?

I have said nothing of the fact that the Central Pacific has laid aside more than \$6,000,000 in a sinking fund to meet its mortgage which is prior to the lien of the Government; nor have I said anything of the valuable lands and other property owned by these companies, estimated at many millions of dollars.

Mr. Speaker, a great deal has been said as to the large amount of bonds advanced by the Government to aid in the construction of the Pacific roads, the amount advanced to each being about \$27,000,000. Considering that this money was advanced by a Government representing 55,000,000 of people, there is nothing extraordinary or remarkable about it. Why, sir, the city of Cincinnati, with a population of not more than 300,000 people, a city which stands, however, without a rival in this country for the public spirit of its people and its citizens, issued its bonds to the amount of more than \$20,000,000, most of them bearing interest at 7.3 per cent., and with the proceeds built and constructed and now owns a railroad running from Cincinnati, Ohio, to Chattanooga, Tenn., only one mile of which is within the limits of our city, and all the rest of it located in the States of Kentucky and Tennessee. We are now leasing this road for about enough to pay one-half of the interest which we pay on the bonds, and we will have to continue to do so until the whole of the bonds are finally redeemed. The people of Cincinnati built this great railroad for the purpose of establishing amicable and business relations with the people of the South. We did not regard this as a matter beyond the ability of the people of one city, but gentlemen upon this floor regard the amount advanced to these railroads as something marvelous and almost bankrupting the Government. Allow me to commend to the House and the country

the spirit of the people of the city which I have the honor in part to represent on this floor, and which issued \$20,000,000 of bonds to build the Cincinnati Southern Railroad.

I have said, Mr. Speaker, and I now repeat it, that I believe that the indebtedness owing by these companies to the Government is secure, absolutely secure. In my judgment these two railroads, with their franchises and property and rights, in possession of the country through which they run in full and successful operation, are worth more than \$200,000,000. Indeed, I have been told by men of large knowledge and experience in such matters that they are worth greatly in excess of this amount. And now, sir, I have said much more than I intended to say upon the subject of these roads and their relation to the Government. But these matters have been under constant consideration by our committee for the last six months and the subject has become interesting to all of us.

Mr. Speaker, it will be seen that the advocates of the bill of the committee, and more particularly the gentleman from Kentucky, have made great outcry and clamor against these companies. Frauds committed twenty years ago, and which have no earthly connection with the questions now under consideration, are brought forward to bias our minds and prejudice the House. Language intemperate and unjustifiable has been used and employed against public men and officials of high and honorable character. Need I say, Mr. Speaker, that all these things are improper, and are wholly foreign to this subject in debate?

Need I say, sir, to this House or to the country that frauds perpetrated or alleged to have been perpetrated many years ago in the construction of one of these roads can in no wise aid us in a fair and honest judgment upon the matters now before us? So far as I am concerned, unbiased and uninfluenced by all appeals and considerations of this kind, I stand here as a member of this House endeavoring to the best of my ability to ascertain what are the legal rights of the Government and what are the legal rights of these companies.

I know no other way of looking at this matter. The rights of the Government upon the one hand and the companies upon the other are to be found, and found only, in the contracts existing between them. I know no difference between the relations that the Government sustains to these corporations and to any other citizen. In the eye of the law all rights are equally sacred, and certainly those which have been created under the acts of the Congress of the United States ought to be binding upon and respected by us as members of that body. Upon this subject I can not do better than to quote the words of Chief-Justice Waite:

The United States are as much bound by their contracts as individuals. If they repudiate their obligations, it is as much repudiation, with all the wrong and reproach that term implies, as it would be if the repudiator had been a State, a municipality, or a citizen.

Our action in the matters now before us should be wise, conservative, just, and fair, and within our constitutional powers. Let us be careful, watchful, and zealous in the interest of the people, that every law made for the protection of their interests be enforced; let these companies be required to obey their charters, comply with their contracts with the Government, pay to it the uttermost farthing they owe; but when they have done this, let us give them the protection of the law, and see to it that the Constitution itself is not violated in an attempt to deprive them of their vested rights.

EXHIBIT No. 1.

Statement showing mileage of roads operated January 1, 1884, by the several companies to which the United States have loaned bonds in aid of construction.

RAILROADS OPERATED BY THE CENTRAL PACIFIC RAILROAD COMPANY.

Name of road.	From—	To—	Miles.	Subsidized or otherwise.	Owned, leased, or controlled.
Union Pacific Railway.....	Ogden Station, Utah.....	Utah Southern Railroad Crossing.	.11	Bonds and lands	Neither.
Do.....	Utah Southern Railroad Crossing.	Terminus of Union Pacific Railway.	5.00	.....do.....	Leased.
Central Pacific Railroad.....	Terminus of Union Pacific Railway.	Sacramento, Cal.....	757.50	.....do.....	Owned.
Do.....	.....do.....	.....do.....	.95	Not subsidized	Do.
Sacramento and Placerville Railroad.....	Sacramento, Cal.....	Brighton, Cal.....	5.64	.....do.....	Leased.
Central Pacific Railroad.....	Brighton, Cal.....	Niles, Cal.....	103.83	Bonds and lands	Owned.
Do.....	Niles, Cal.....	West Oakland, Cal.....	24.31	Not subsidized	Do.
Do.....	West Oakland, Cal.....	Oakland Wharf, Cal.....	77.54	.....do.....	Do.
Do.....	Oakland Wharf, Cal.....	San Francisco, Cal.....	2.20	Ferry.....	Do.
Northern Railway and San Pablo and Tulare Railroad.....	Tracy (via Martinez) Cal.....	West Oakland, Cal.....	3.69	Not subsidized	Leased.
California Pacific Railroad.....	Sacramento (via Suisun) Cal.	Port Costa, Cal.....	57.62	.....do.....	Do.
Central Pacific Railroad.....	Roseville Junction, Cal.....	Redding, Cal.....	151.60	Lands only.....	Owned.
Do.....	Lathrop, Cal.....	Goshen Junction, Cal.....	146.08	Not subsidized	Do.
Do.....	Oakland Wharf, Cal.....	Brooklyn, Cal.....	5.67	.....do.....	Do.
Do.....	West Oakland, Cal.....	Masticks, Cal.....	3.82	.....do.....	Do.
Do.....	Alameda Wharf, Cal.....	Melrose, Cal.....	5.19	.....do.....	Do.
Do.....	East Oakland, Cal.....	Fernside, Cal.....	2.01	.....do.....	Do.
Do.....	Niles, Cal.....	San José, Cal.....	17.54	Bonds and lands	Do.
Northern Railway.....	West Oakland, Cal.....	Delaware street, Cal.....	4.53	Not subsidized.....	Leased.
California Pacific Railroad.....	Vallejo Junction, Cal.....	Vallejo, Cal.....	2.00	Ferry.....	Do.
Do.....	Davisville, Cal.....	Knight's Landing, Cal.....	18.57	Not subsidized.....	Do.
Northern Railway.....	Woodland Junction, Cal.....	Tehama, Cal.....	100.74	.....do.....	Do.
California Pacific Railroad.....	Vallejo, Cal.....	Suisun, Cal.....	20.10	.....do.....	Do.
Do.....	Napa Junction, Cal.....	Calistoga, Cal.....	34.48	.....do.....	Do.
Stockton and Copperopolis Railroad.....	Stockton, Cal.....	Milton, Cal.....	30.00	.....do.....	Do.

EXHIBIT No. 1—Continued.

Statement showing mileage of roads operated January 1, 1884, &c.—Continued.

RAILROADS OPERATED BY THE CENTRAL PACIFIC RAILWAY COMPANY—Continued.

Name of road.	From—	To—	Miles.	Subsidized or otherwise.	Owned, leased, or controlled.
Do.....	Peters, Cal.....	Oakdale, Cal.....	19.00	.....do.....	Leased.
Amador branch.....	Galt, Cal.....	Ione, Cal.....	27.20	.....do.....	Do.
Berkeley branch.....	Shellmound, Cal.....	Berryman's, Cal.....	3.84	.....do.....	Do.
Southern Pacific Railroad.....	Huron, Cal.....	Colorado River, Cal.....	528.56	Lands only.....	Do.
Western Development Company.....	West bank of Colorado River, Cal.....	Yuma, Ariz.....	.13	Not subsidized..	Do.
Southern Pacific Railroads of Arizona and New Mexico.....	Yuma, Ariz.....	West bank of Rio Grande River, New Mexico.	551.39	.....do.....	Do.
Southern Pacific Railroad.....	Los Angeles, Cal.....	San Pedro, Cal.....	24.24	.....do.....	Do.
Los Angeles and Independence Railroad.....	do.....	Santa Monica, Cal.....	16.83	.....do.....	Do.
Los Angeles and San Diego Railroad.....	Florence, Cal.....	San Anna, Cal.....	27.60	.....do.....	Do.
Pacific Improvement Company.....	West bank of Rio Grande River New Mexico.	East bank of Rio Grande River, Texas.	.23	.....do.....	Do.
Galveston, Harrisburg and San Antonio Railway.....	East bank of Rio Grande River, Tex.....	El Paso, Tex.....	3.61	.....do.....	Do.
Southern Pacific Railroad.....	Mojave Junction, Cal.....	"The Needles,"	240.13	Lands only.....	Do.
Total.....	.....	.....	3,003.48	.....	.....

RAILROADS OPERATED BY THE UNION PACIFIC RAILWAY COMPANY.

Union Pacific Railway.....	From—	To—	Miles.	Subsidized or otherwise.	Owned.
Do.....	Council Bluffs, Iowa (Broadway depot).	Connection with main line.	1.39	Not subsidized..	Owned.
Do.....	Council Bluffs, Iowa (Transfer depot).	Junction Switch, Omaha, Nebr.	3.73	.....do.....	Do.
Do.....	Junction Switch, Omaha, Nebr.	Connection with C. St. P., M. and O. Railway.	2.46	.....do.....	Do.
Do.....	do.....	Ogden, Utah.....	1,029.38	Bonds and lands	Do.
Do.....	Cheyenne, Wyo.....	Fort Russell, Wyo.....	2.04	Not subsidized..	Do.

Do.....	Niles Junction, Wyo.....	Coal mines.....	4.20	.....do.....	Owned.
Do.....	Almy Junction, Wyo.....	.....do.....	5.50	.....do.....	Do.
Do.....	Kansas City, Mo. (Union de- pot.)	A point on the Kansas Pa- cific.	393.94	Bonds and lands	Do.
Do.....	393.94 miles west of eastern State line.	Denver, Colo. (Union de- pot.)	245.26	Lands only.....	Do.
Do.....	Leavenworth and Law- rence Junction, Kans.	South Leavenworth, Kans..	30.87	Not subsidized..	Do.
Do.....	South Leavenworth, Kans..	Leavenworth, Kans. (Union depot))	1.03	.....do.....	Do.
Do.....	Armstrong, Kans.....	Wyandotte, Kans.....	2.00	.....do.....	Do.
Do.....	Detroit, Kans.....	Enterprise, Kans.....	2.00	.....do.....	Do.
Do.....	Cheyenne, Wyo.....	Denver, Colo.....	106.00	Lands only.....	Do.
Total.....	.....	.....	1,829.80	.....	.....
Omaha and Republican Valley R. R. ...	Valley, Nebr.....	Stromsburg, Nebr.....	90.03	Not subsidized..	Controlled.
Do.....	Valparaiso, Nebr.....	Nebraska and Kansas State line.	84.46	.....do.....	Do.
Do.....	Grand Island, Nebr.....	North Loup, Nebr.....	48.88	.....do.....	Do.
Do.....	Junet'n Switch (Scotia spur)	Scotia, Nebr.....	1.38	.....do.....	Do.
Do.....	Columbus, Nebr.....	Norfolk, Nebr.....	50.28	.....do.....	Do.
Do.....	Lost Creek, Nebr.....	Albion, Nebr.....	33.98	.....do.....	Do.
Do.....	Genoa, Nebr.....	Fullerton, Nebr.....	13.64	.....do.....	Do.
Do.....	Denver, Colo.....	Golden, Colo.....	15.57	.....do.....	Do.
Do.....	Golden, Colo.....	Colorado Junction, Wyo....	114.99	.....do.....	Do.
Do.....	.....do.....	Georgetown, Colo.....	34.23	.....do.....	Do.
Do.....	Forks Creek, Colo.....	Central City, Colo.....	11.12	.....do.....	Do.
Do.....	Denver Junction, Colo.....	La Salle, Colo.....	151.16	.....do.....	Do.
Do.....	Marysville, Kans.....	Kansas and Nebraska State line.	12.70	.....do.....	Do.
Echo and Park City Railroad.....	Echo, Utah.....	Park City, Utah.....	28.33	.....do.....	Do.
Do.....	Grass Creek Junction, Utah	Coal Mines.....	3.94	.....do.....	Do.
Utah and Northern Railway.....	Ogden, Utah.....	Garrison, Mont.....	452.54	.....do.....	Do.
Do.....	Silver Bow Junction, Mont..	Butte, Mont.....	9.42	.....do.....	Do.
Oregon Short Line Railway.....	Granger, Wyo.....	Weiser, Idaho.....	519.00	.....do.....	Do.
Do.....	Shoshone, Idaho.....	Hailey, Idaho.....	56.96	.....do.....	Do.
Greeley, Salt Lake and Pacific Railway	Greeley, Colo.....	Stout, Colo.....	39.46	.....do.....	Do.
Do.....	Boulder, Colo.....	.....do.....	14.43	.....do.....	Do.
Lawrence and Emporia Railroad.....	Lawrence, Kans.....	Pennsylvania Gulch, Colo..	31.00	.....do.....	Do.
Junction City and Fort Kearny Railw'y	Junction City, Kans.....	Carbon Hill, Kans.....	70.45	.....do.....	Do.
Salina and Southwestern Railway.....	Salina, Kans.....	McPherson, Kans.....	35.43	Not subsidized..	Do.

EXHIBIT No. 1—Continued.

Statement showing mileage of roads operated January 1, 1884, &c.—Continued.

RAILROADS OPERATED BY THE UNION PACIFIC RAILWAY COMPANY—Continued.

Name of road.	From—	To—	Miles.	Subsidized or otherwise.	Owned, leased, or controlled.
Golden, Boulder and Caribou Railroad.	Boulder, Colo.	Marshall, Colo.	6.10	do.	Controlled.
Denver and Boulder Valley Railroad.	Brighton, Colo.	Boulder, Colo.	27.00	do.	Do.
Kansas Central Railroad.	Leavenworth, Kans.	C. R. I. & P. Junction, Kans.	1.19	do.	Do.
Do.	C. R. I. & P. Junction, Kans.	Miltonvale, Kans.	166.14	do.	Do.
Salt Lake and Western Railroad.	Lehi Junction, Utah.	Silver City, Utah.	53.60	do.	Do.
Denver, South Park and Pacific R. R.	Denver, Colo.	Buena Vista, Colo.	135.50	do.	Do.
Do.	Buena Vista, Colo.	Leadville, Colo.	35.50	do.	Leased.
Do.	do.	Nathrop, Colo.	7.50	do.	Do.
Do.	Gunnison, Colo.	Gunnison, Colo.	65.00	do.	Controlled.
Do.	Garos, Colo.	Mt. Carbon Mines, Colo.	17.00	do.	Do.
Do.	Como, Colo.	London Junction, Colo.	15.40	do.	Do.
Do.	Bear Creek Junction, Colo.	Keystone, Colo.	35.10	do.	Do.
Do.		Morrison, Colo.	9.70	do.	Do.
Total.			4,327.91		

RAILROADS OPERATED BY THE SIOUX CITY AND PACIFIC RAILROAD COMPANY.

Sioux City and Pacific Railroad.	Sioux City, Iowa.	California Junction, Iowa.	69.75	Bonds and lands	Owned.
Do.	California Junction, Iowa.	Fremont, Nebr.	32.02	do.	Do.
Do.	Fremont, Nebr.	Missouri Valley, Iowa.	5.84	Not subsidized.	Do.
Fremont, Elkhorn and Missouri Valley Railroad.	Fremont, Nebr.	Valentine, Nebr.	269.06	do.	Leased.
Do.	Norfolk Junction, Nebr.	Creighton, Nebr.	42.06	do.	Do.
Total.			418.73		

RAILROADS OPERATED BY THE MISSOURI PACIFIC RAILWAY COMPANY.

Central Branch Union Pacific Railroad.	Atchison, Kans.....	Waterville, Kans.....	100	Bonds and lands.	Operated for
Atchison, Colorado and Pacific Railroad.	Waterville, Kans.....	Lenora, Kans.....	193	Not subsidized..	owners.
Do.....	Greenleaf, Kans.....	Washington, Kans.....	7	.....do.....	Leased.
Atchison, Jewell County and Western Railroad.	Yuma, Kans.....	Warwick, Kans.....	31	.....do.....	Do.
Atchison, Colorado and Pacific Railroad.	Jamestown, Kans.....	Burr Oak, Kans.....	33	.....do.....	Do.
	Downs, Kans.....	Bull's City, Kans.....	24	.....do.....	Do.
Total.....	.....	.....	388		

EXHIBIT No. 2.

UNION PACIFIC RAILWAY COMPANY.

Statement of the revenue and expenditures of the entire line for the year ending December 31, 1883, as shown by the general books of the company in Boston.

Earnings:	
Passenger.....	\$4, 659, 116 16
Freight.....	14, 268, 291 31
Mail (less disallowed on main line, \$86,917.65).....	739, 133 19
Express.....	705, 261 96
Miscellaneous.....	630, 739 16
Gross earnings.....	\$21, 002, 541 78
Income from investments:	
Dividends on stocks.....	701, 923 04
Interest on bonds.....	1, 465, 345 00
Miscellaneous investments.....	57, 052 95
	2, 224, 320 99
Total receipts.....	23, 226, 862 77
Expenses:	
Conducting transportation.....	2, 596, 230 38
Maintenance of way.....	2, 095, 077 13
Motive power.....	3, 778, 344 59
Maintenance of cars.....	848, 062 73
General expenses and taxes.....	1, 036, 825 67
Total operating expenses.....	10, 354, 540 50
Discount and interest.....	32, 094 97
Interest on first-mortgage bonds.....	2, 542, 363 58
Interest on other funded debt.....	2, 881, 677 92
United States requirements for 1883.....	1, 898, 679 85
Company sinking fund requirements for 1883.....	476, 488 78
Dividends declared on capital stock.....	4, 260, 788 00
New construction.....	101, 177 22
New equipment.....	184, 545 80
Expenses of the land department.....	226, 141 43
	12, 603, 957 55
Total.....	22, 958, 498 05
Leaves surplus of.....	268, 364 72

EXHIBIT No. 3.

Statement of the revenue and expenditures of the entire line of the Central Pacific Railroad Company for the year ending December 31, 1882, ascertained from the general books of the company in San Francisco by the book-keeper of this bureau.

Earnings:	
Passenger.....	\$7, 474, 216 12
Freight.....	16, 302, 882 72
Mail.....	613, 180 88
Express.....	350, 286 21
Miscellaneous.....	922, 191 19
Gross earnings*.....	\$25, 662, 757 12
Receipts from other sources:	
Interest on sinking funds (included in both receipts and expenses).....	281, 260 00
711 land-grant bonds redeemed (included in both receipts and expenses at par).....	711, 000 00
Earnings, river steamers and barges.....	20, 485 29
	1, 012, 745 29
Total receipts*.....	26, 675, 502 41

*Earnings and expenses of the "entire line," which means the Central Pacific proper and all the leased lines (Southern of California, Southern of Arizona, and Southern Pacific Railroad of New Mexico); total mileage being 3,200 miles.

Operating expenses:	
Conducting transportation.....	\$2,729,250 38
Maintenance of way	2,766,941 81
Motive power	4,328,538 85
Maintenance of cars.....	946,501 87
General expenses of operating.....	1,093,222 87
Total operating expenses.....	11,864,455 78
Rentals leased lines	4,202,727 89
Total operating expenses and rentals*.....	\$16,067,183 67
Discount and interest—balance after crediting the account with \$89,000 on account of Southern Development Company, Stockton and Copperopolis Company, and Pacific Improvement Company.....	198,021 65
Taxes paid during the year:	
Land	\$43,282 80
General.....	404,722 89
General administration expenses.....	448,205 69
Legal expenses.....	330,646 72
Civil engineering.....	216,750 41
Land department expenses—less receipts from lands rented, \$13,336.26	15,479 65
Interest on first-mortgage bonds of the aided portion of the road, paid.....	23,700 78
Interest on first-mortgage bonds of the non-aided portion of the road, paid.....	1,673,940 00
United States requirement for sinking fund.....	1,571,451 67
Company's sinking-fund requirement.....	792,920 24
Land bonds redeemed with proceeds of land sales.....	1,034,760 00
Dividends Nos. 13 and 14 on capital stock.....	711,000 00
	3,556,530 00
	10,573,206 84
Total	26,640,390 51
Surplus on operations for the year.....	35,111 90

EXHIBIT No. 4.

CENTRAL PACIFIC RAILROAD COMPANY.

Statement showing the revenue and expenditure on the subsidized portion of the Central Pacific Railroad Company, 860.66 miles, for the year ending December 31, 1882, as ascertained by the book-keepers of this bureau from the books and accounts of the company in San Francisco.

Earnings:	
United States:	
Passenger.....	\$35,988 01
Freight.....	59,929 16
Mail.....	307,837 09
	\$403,754 26
Commercial:	
Passenger	2,537,811 26
Freight.....	6,007,461 22
Express.....	119,809 36
	8,665,081 84
Car service.....	7,165 23
Rent of buildings.....	18,067 00
Miscellaneous.....	486,547 61
Total earnings.....	9,580,615 94
Expenses:	
Conducting transportation.....	\$728,722 49
Maintenance of way.....	1,170,138 80
Motive power.....	1,605,367 09
Maintenance of car.....	313,715 98
General expenses and taxes.....	917,050 63
Total operating expenses.....	4,734,994 99

* Earnings and expenses of the "entire line," which means the Central Pacific proper and all the leased lines (Southern of California, Southern of Arizona, and Southern Pacific Railroad of New Mexico); total mileage being 3,200.



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Interest paid on first-mortgage bonds having priority of lien over the United States bonds.....	\$1,673,940 00	
Total.....		\$6,408,934 99
Net earnings, so ascertained.....		3,171,680 95
Twenty-five per cent.....		792,920 24
Net earnings.....		3,171,680 95
Twenty-five per cent. of net earnings.....		792,920 20
Surplus.....		2,378,760 75
Deduct a dividend on stock.....		2,548,820 45
Deficit of.....		170,059 70

EXHIBIT No. 5.

Earnings and expenses, year ending December 31, 1882.

[100 miles subsidy portion.]

Earnings:		
Passengers	\$106,344 15	
Freight.....	386,779 22	
Mail	12,538 58	
Express	4,955 64	
Miscellaneous	17,447 24	
Total		528,044 83
Transportation.....	78,789 55	
Maintenance of way.....	86,198 80	
Motive power	93,610 53	
Maintenance of cars	24,473 97	
General and taxes.....	8,778 21	
Total		291,851 06
Deduct interest on first-mortgage bonds	96,000 00	
Twenty-five per cent. of net earnings.	48,962 76	
Dividend on capital stock.....	60,000 00	
		204,962 76
		86,888 30

WM. H. ARMSTRONG, *Commissioner.*

DEPARTMENT OF THE INTERIOR,
OFFICE COMMISSIONER OF RAILROADS,
Washington, D. C., April 9, 1884.